



Credit Union Department

* * NEWSLETTER * *

No. 01-03

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e-mail: info@tcud.state.tx.us

web address: www.tcud.state.tx.us

NOTICE OF CREDIT UNION COMMISSION MEETING

The Credit Union Commission is scheduled to meet on Monday, February 3, 2003, at 9:00 a.m. in Austin at the offices of the Credit Union Department. A copy of the agenda is attached.

NOTICE OF LEGISLATIVE ADVISORY COMMITTEE MEETING

The Legislative Advisory Committee is scheduled to meet on Friday, February 21, 2003. The meeting will convene at 9:00 a.m. in the Department's conference room. A draft copy of the agenda is attached.

COMMISSION SCHEDULES 2003 RULE REVIEW

The Credit Union Commission, in accordance with its policy, regularly reviews and revisits each of its rules. During calendar year 2003, the Credit Union Commission will review Rules 91.701 through, 91.719; 95.300 through 95.306, and 91.102 through 91.516. Although no major changes or additions are anticipated this year, the Commission is soliciting feedback from the credit union movement on the delineated rules.

GENERAL COUNSEL

We are happy to announce that Kerri T. Galvin has joined the Department's staff as General Counsel. Ms. Galvin has been practicing lending, real estate, general business law and mediation for over 15 years, including acting as Associate General Counsel for the University of Texas System.

Ms. Galvin received her law degree from the University of Texas School of Law, and a B.A. degree in Managerial Studies from Rice University.

IRS FORM 990 – AUTHORIZATION FORM

Credit unions are reminded to return the IRS Form 990 authorization which was included with the Year-end Call Report packet. The form must be received in the Department's office no later than 5:00 p.m. on February 28, 2003 to avoid a late penalty of \$100 per day. A fax copy of the form will be accepted. If you have misplaced the authorization form or one was not included in your packet, please call Isabel Velasquez and one will be provided to you.

APPLICATIONS APPROVED

Applications approved since December 31, 2002 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Changes Approved:	
Medical Community Credit Union (Odessa)	See Newsletter No. 11-02
MemberSource Credit Union (Houston)	See Newsletter No. 12-02
Merger(s) or Consolidations Approved:	
Kilgore Ceramics Federal CU with East Texas Professional CU	See Newsletter No. 12-02

APPLICATIONS RECEIVED

The following applications were received and published in the January 31, 2003 issue of the *Texas Register*:

Field of Membership Expansion(s):

Texas Dow Employees Credit Union (Lake Jackson) – To permit employees of Kelly Engineering Resources at Dow Houston, Freeport and Texas City, Texas, to be eligible for membership in the credit union.

EDS Credit Union (Plano) – To permit employees of subsidiary companies of EDS and any on-site full time contractors/vendors who have a business relationship with EDS and who regularly work on EDS facilities at one or more EDS locations throughout the United States, to be eligible for membership in the credit union.

EDS Credit Union (Plano) – To permit persons who live, work or are located in the business oriented development known as Legacy Business Park, in Plano, Texas which is bounded by Highway 121 on the North, Preston Road on the East, and Spring Creek Parkway on the South and West, to be eligible for membership in the credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

REVISED DIRECTOR APPLICATION AND AGREEMENT TO SERVE

Commission Rule 91.501(c) requires any member nominated for, or seeking election to, the board of directors to complete a written director application on a form prescribed by the Commissioner. This office has recently updated the standard "Director Application and Agreement to Serve". Attached is a copy of the revised application that must be used by credit unions to fulfill this regulatory requirement. Additional copies of the form may be obtained from this office or downloaded from our website at www.tcu.state.tx.us.

PREPARING FOR YOUR IT EXAM

By the time you read this, this agency will have conducted I.T. examinations on over 50 state-chartered credit unions with transactional websites. If your credit union has not yet been contacted about an I.T. examination and has implemented a transactional website, we would urge you to start preparing for this I.T. exam by visiting NCUA's website at www.ncua.gov/ref/IST/ISTltcu.html. This webpage has a wealth of information about different facets of implementing and using e-Commerce in a credit union. A copy of the exam used by the Texas Credit Union Department may also be downloaded at <http://www.ncua.gov/ref/IST/IST-Field2001.exe>. Reviewing the questions on this exam can prepare you for when your I.T. exam is conducted.

A primary item that our I.T. Examiner, Thomas Ray, has been finding is a lack of documentation in respect to policies and procedures. By definition, a policy or procedure means that it is documented, not just "knowing what to do". Another item of concern is the Suspicious Activity Report. While all are aware of the reporting requirements for suspicious financial transactions, very few are aware of item #2 on page 5, titled "Computer Intrusion". That paragraph spells out the reporting requirements in respect to computer crimes. The document can be downloaded by visiting <http://www.ncua.gov/ref/sar/sar.html>. Any questions may be directed toward Jim Ratzman or Thomas Ray at the department at 512-837-9236.

AVOIDING DATA SECURITY BREACHES WHEN DISPOSING OF OLD COMPUTER EQUIPMENT

Based on recent news reports, we would like to draw your attention to news articles listed at <http://www.lcs.mit.edu/news/harddrives.html>. In brief, two students at MIT managed to retrieve legible data from over 91% of hard drives they had purchased for a few dollars each.

Following is an excerpt from one of the articles:

"...Among the sensitive information retrieved from the disk drives were detailed personal and corporate financial records, medical records, love letters and gigabytes worth of personal e-mail. Financial log files on one drive yielded what appeared to be 2,868 credit card numbers in addition to bank account numbers, dates of transactions and account balances. The students believe that the drive came from an ATM in Illinois and that no effort was made to remove any of the financial information on the drive prior to resale, according to the report. Another drive that had been reformatted still contained 3,722 credit card numbers in what appeared to be a log file, while other drives yielded financial information that had been stored in cached Web pages that were recovered, the report said."

When credit unions dispose of older computers, they should be aware that deleting files does not remove data. There are several ways of permanently erasing data that may be utilized. Federal government policy requires at least 7 passes over the hard drive consisting of writing and re-writing random 0's and 1's. Mentioned in the various articles are software tools that can perform this job for you. Another method of permanently removing data is by removing the hard drive and physically destroying it. As cheap as hard drives are in this day and age, this is certainly the fastest and most secure method of making sure that financial data has not accidentally been released with older systems. This would be the method recommended when disposing of older server equipment that used to contain financial data.

PUBLISHING NOTICE OF APPLICATIONS IN THE TEXAS REGISTER

(www.sos.state.tx.us)

In order to meet the submission deadlines for the applicable issues of the *Texas Register*, it is necessary for the Department to establish the following schedule. Because of the *Texas Register* printing schedules, completed applications received after the deadline for the month cannot be published until the following month.

<u>For an Application To be Published</u>	<u>Deadline for Receipt of An Application</u>	<u>Comment Period Will Conclude on</u>
February 2003	Friday, February 14	March 30
March 2003	Friday, March 14	April 30
April 2003	Friday, April 11	May 30
May 2003	Friday, May 16	June 30

HOLIDAY SCHEDULE FOR TCUD



The Department's office will be closed on **February 17, 2003** in observance of President's Day.

